



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

DAVID B. BEHEN
DIRECTOR

March 11, 2014

The Honorable Earl Poleski, Chair
House Appropriations Subcommittee on General Government
N-998 House Office Building
P.O. Box 30014
Lansing, MI 48909-7514

The Honorable John Pappageorge, Chair
Senate Appropriations Subcommittee on General Government
S-2 Capitol Building
P.O. Box 30036
Lansing, MI 48909-7536

Dear Legislators:

Enclosed is a summary of the products and services purchased by the department from community rehabilitation organizations and submitted pursuant to the reporting requirements in Section 296 of Public Act 431.

If you have questions regarding the information in the report, please contact David Price, Chairperson of the committee on purchase of goods and services from community rehabilitation organizations, at (517) 484-5588.

Sincerely,

David B. Behen
Director

Enclosure

c: Senate Fiscal Agency
House Fiscal Agency
Dick Posthumus, Executive Office



**Annual Report of the
The Committee on the Purchase of
Goods and Services from Community
Rehabilitation Organizations
for Fiscal Year 2013**

As required by PA 431 of 1984 as amended

Introduction

The essential difference between commercial business and community rehabilitation organizations is the goal of the latter to provide employment opportunities for people with disabilities. People with disabilities are often unemployed because of the severity of their disabilities. Recognizing this fact, the Michigan Legislature enacted a Bill in 1978 (amended in 2010, see Appendix A) that created a "set aside" program whereby nonprofit community rehabilitation organizations would be given preferential treatment in providing goods and services to the state of Michigan. Contracts are then performed by people with disabilities employed by community rehabilitation organizations.

A Unique Partnership

The "set aside" program to purchase goods and services from community rehabilitation organizations serving people with disabilities represents a unique partnership between government (public) and the private, nonprofit sector. The provision of goods and services by community rehabilitation organizations to the state provides employment for people who, because of the severity of their disabilities, are unable to work competitively.

Procurement practices at both the state and federal levels have long been used to promote a variety of values and outcomes that society desires. In all cases, the major objective is to increase the target group's economic self-sufficiency.

There is no target group that is more in need of employment opportunities than people with disabilities. The U.S. Department of Labor's December 2013 statistics indicate a 12.3 % unemployment rate for men with disabilities and an 12 % rate for women with disabilities. Many people with disabilities lack job skills or prior work experience to gain entry into the competitive labor force. Yet, as do most citizens, they want to work and become productive. Community rehabilitation organizations arose to meet the employment and training needs of these individuals.

The **social purpose** of community rehabilitation organizations drives them to help people with disabilities maximize their productivity and employability. In fact, the ultimate goal of community rehabilitation programs is to lose their best workers to the competitive labor force.

The Committee on the Purchase of Goods and Services from Community Rehabilitation Organizations.

The "set aside" legislation establishes a committee whose duties are outlined in §18.1296. The committee considers requests from community rehabilitation organizations for state contracts to be placed on "set aside." The committee also works with Department of Technology, Management & Budget (DTMB)-Procurement to establish fair market prices for goods and services placed on "set aside".

Program Impact, FY 2013

In fiscal year 2013, seven nonprofit community rehabilitation programs provided services or goods through the set aside program. (See Appendix B and Appendix C)

Providing janitorial services to the state through the "set aside" program resulted in

- 107 full time and 117 part time jobs for people with disabilities.
- Total wages of over \$2.1 million paid to people with disabilities.
- Average hourly wage of \$8.02

Manufacturing Adopt-a-Highway trash bags for for the Michigan Department of Transportation resulted in

- 52 part time jobs for people with disabilities.
- Total wages of \$1,761.91

Manufacturing polyethylene trashcan liners for statewide distribution resulted in

- 42 part time jobs for people with disabilities
- Total wages of \$40,152.40

Act No. 372
Public Acts of 2010
Approved by the Governor
December 22, 2010
Filed with the Secretary of State
December 22, 2010
EFFECTIVE DATE: December 22, 2010

**STATE OF MICHIGAN
95TH LEGISLATURE
REGULAR SESSION OF 2010**

Introduced by Senators Jansen, Nofs, Hunter, Basham, Van Woerkom, Garcia, Richardville, Birkholz, Pappageorge, McManus, Jacobs, Kahn, Brown, Allen and Kuipers

ENROLLED SENATE BILL No. 1529

AN ACT to amend 1984 PA 431, entitled "An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts," by amending sections 293, 294, 295, 296, and 297 (MCL 18.1293, 18.1294, 18.1295, 18.1296, and 18.1297).

The People of the State of Michigan enact:

Sec. 293. As used in this section and sections 294 to 297:

(a) "Committee" means the committee on the purchase of goods and services from community rehabilitation organizations created in section 295.

(b) "Community rehabilitation organization" means a nonprofit charitable organization or institution incorporated in this state that is operated for the purpose of carrying out a recognized program of employment and training services for people with disabilities.

(c) "Fair market price" means the price established by the committee for goods or services to be purchased from community rehabilitation organizations based upon 1 or more of the following:

- (i) Available information from reliable market sources.
- (ii) A market survey conducted by a person designated by the committee.
- (iii) Previous contract prices adjusted for market conditions.

(iv) The range of bids from the most recent solicitation, including a determination of the median price, average price, and any market conditions that have changed since the most recent solicitation.

(v) Cost analysis.

(vi) Other methods as determined by the committee.

Sec. 294. (1) To advance the employment of people with disabilities, community rehabilitation organizations shall have preferred status for the purposes of procurement in accord with the provisions of this section. The department's procurements of goods and services from community rehabilitation organizations are exempt from other competitive procurement requirements of this act and, to the extent possible, exempt from other competitive procurement statutes and executive orders. This subsection does not prohibit the department from applying competitive bid requirements to select among community rehabilitation organizations for the purchase of goods and services.

(2) The department shall purchase goods and services that are manufactured or provided by community rehabilitation organizations in this state pursuant to sections 293 to 297.

Sec. 295. The committee on the purchase of goods and services from community rehabilitation organizations is created within the department and shall consist of 6 members appointed by the governor. The members shall serve for a term of 2 years. The committee shall consist of 1 member from the purchasing division of the department, 1 member from Michigan rehabilitation services, 1 member from the commission on disability concerns, 1 member, who shall serve as the chairperson of the committee, from a statewide nonprofit corporation concerned with community rehabilitation organizations, and 2 members at large. Members of the committee shall serve without compensation.

Sec. 296. The committee shall do all of the following:

(a) Meet as often as necessary, but at least quarterly, to carry out its duties.

(b) Coordinate and monitor the implementation of sections 293 to 297.

(c) Identify, review, and recommend approval or disapproval to the state administrative board of requests from community rehabilitation organizations to provide goods and services for purchase by the department.

(d) Establish eligibility criteria for participating community rehabilitation organizations, including criteria that demonstrate the ability to perform the requirements of the contract and establish that the majority of the direct labor hours required to fulfill the contract are performed by individuals with significant disabilities as that phrase is defined in 29 USC 705(21)(A).

(e) At least annually, in cooperation with the department, establish and review fair market prices and methods for establishing fair market prices for goods and services to be purchased from community rehabilitation organizations.

(f) Establish procedures regarding the functions and operations of the committee.

(g) Prepare an annual report depicting the activities related to this section that includes, at a minimum, all of the following:

(i) A summary of products and services purchased by the department from community rehabilitation organizations.

(ii) The names of community rehabilitation organizations participating.

(iii) The impact of this section upon production, work stabilization, program development, and the number of persons with a disability served by community rehabilitation organizations.

(iv) An indication of the areas to which and the amounts for which the budget of the committee was allocated.

(h) At least annually conduct a review of the prices paid by the department for the goods and services provided by community rehabilitation organizations and make any adjustments necessary to establish new fair market prices.

Sec. 297. (1) For the purposes of identifying those goods or services or both to be provided by community rehabilitation organizations, first priority of selection shall be given to those goods or services or both currently purchased by the department from commercial businesses outside this state. Next selection priority shall be given to those goods or services or both purchased from commercial businesses within this state. If upon review of the current bids or fair market price of both priorities of goods or services or both, the committee finds that community rehabilitation organizations can provide equal goods or services to the department within current bids or fair market price, then those goods or services or both shall be set aside for exclusive provision by community rehabilitation organizations for purchase by the purchasing division of the department.

(2) All goods and services purchased by the department from community rehabilitation organizations shall meet the specifications regarding quality, function, and quantity established and published by the department.

(3) This section does not prevent community rehabilitation organizations from selling goods and services to other governmental agencies or private businesses of their choosing.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Richard J. Brown

Clerk of the House of Representatives

Approved

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Governor

Appendix B: CRO Set Aside Janitorial Locations

| Peckham Inc of Lansing provides janitorial services to the following buildings: | # Full Time Employees with disabilities | # Part Time Employees with disabilities | Total wages paid to people with disabilities on this contract | Hours worked by people with disabilities | Total Hours | Percentage of people with disabilities working on the contract |
|---|---|---|---|--|-------------------|--|
| Austin Building | 5 | 1 | \$52,632.51 | 6,649.75 | 6,649.75 | 100% |
| Constitution Hall | 9 | 4 | \$197,098.38 | 25,015.34 | 25,015.34 | 100% |
| Construction & Technology Bldg. | 2 | 0 | \$33,799.91 | 4,317.25 | 4,317.25 | 100% |
| Energy Center & Site Maintenance & Equipment | | 1 | \$9,601.10 | 1,209.00 | 1,209.00 | 100% |
| General Office Building | 5 | 1 | \$97,388.30 | 12,374.50 | 12,374.50 | 100% |
| General Services Building (GSB) | 1 | 1 | \$30,424.88 | 3,893.55 | 3,893.55 | 100% |
| Grand Tower | 3 | 6 | \$115,746.19 | 14,544.25 | 14,544.25 | 94% |
| Hall of Justice | 4 | 10 | \$144,570.44 | 18,314.97 | 19,362.23 | 89% |
| Hannah Building | 4 | 1 | \$61,506.56 | 7,722.95 | 9,384.20 | 73% |
| Lewis Cass Building | 5 | 1 | \$77,369.49 | 9,537.33 | 9,943.33 | 100% |
| Lottery Building | 2 | | \$32,841.45 | 4,051.67 | 4,051.67 | 100% |
| MDOT Photo Lab | | 1 | \$7,783.70 | 1,006.25 | 1,006.25 | 100% |
| MDOT Warehouse | 1 | 1 | \$39,909.26 | 5,083.50 | 5,083.50 | 100% |
| Michigan Library & Historical Center (HAL) | 3 | 7 | \$130,029.42 | 16,046.23 | 16,152.23 | 94% |
| MSP 1st District Headquarters and Post 11 | 0 | 2 | \$2,623.60 | 344.25 | 344.25 | 100% |
| MSP Forensics Lab | 3 | | \$47,835.93 | 6,236.00 | 6,249.50 | 100% |
| MSP Hazmat Training Center | | 1 | \$1,288.80 | 166.00 | 166.00 | 100% |
| MSP Training Academy | 6 | 1 | \$56,411.71 | 7,190.75 | 8,742.50 | 100% |
| Operations Center | 8 | 4 | \$127,350.40 | 16,159.79 | 16,159.79 | 100% |
| Ottawa Building | 3 | 2 | \$65,773.46 | 8,248.75 | 9,693.75 | 92% |
| Romney Building | 6 | 1 | \$104,881.94 | 12,984.34 | 12,984.34 | 100% |
| Secretary of State Building | 4 | 1 | \$58,481.20 | 7,247.50 | 7,247.50 | 100% |
| State Combined Lab | 3 | 1 | \$49,498.79 | 5,886.75 | 5,886.75 | 85% |
| Stevens T. Mason Building | 3 | 2 | \$108,976.90 | 13,802.33 | 13,802.33 | 100% |
| VanWagoner Building | 5 | 2 | \$116,999.61 | 14,533.25 | 14,533.25 | 100% |
| Vehicle & Travel Services (VTS) | | 1 | \$7,236.90 | 891.00 | 891.00 | 100% |
| Williams Building | 3 | 1 | \$39,792.05 | 5,006.50 | 5,006.50 | 100% |
| Bureau of Aeronautics Building | 1 | 0 | \$15,081.00 | 1,882.00 | 1,884.20 | 99% |
| Sub Total | 89 | 54 | \$1,832,933.88 | 230,345.75 | 236,578.71 | 97% |
| | | | | | | |
| SVRC of Saginaw provides janitorial services to the following buildings: | | | | | | |
| Flint State Office Bldg. | 0 | 7 | \$42,567 | 5753 | 7028 | 82% |
| MDOT Bay Region Office | 0 | 2 | \$6,039 | 816 | 821 | 99% |
| UIA, Saginaw PRO Office | 0 | 3 | \$4,478 | 605 | 717 | 84% |
| DHS Huron County Office | 0 | 4 | \$3,897 | 546 | 1638 | 33% |
| DHS Bay County Office | 0 | 3 | \$16,558 | 2238 | 2294 | 98% |
| SOS Bay City Office | 0 | 2 | \$2,120 | 287 | 313 | 92% |
| Sub Total | 0 | 21 | \$75,659.00 | 10,245 | 12,811.00 | 80% |

continued on next page

| Goodwill Industries of SW Michigan provides janitorial services to the following buildings: | # Full Time Employees with disabilities | # Part Time Employees with disabilities | Total wages paid to people with disabilities on this contract | Hours worked by people with disabilities | Total Hours | Percentage of people with disabilities working on the contract |
|---|---|---|---|--|-------------|--|
| DHS-Stockbridge | 3 | 0 | \$ 40,573.00 | 3754 | 3966 | 95% |
| MDOT Kilgore | 2 | 0 | \$ 13,646.00 | 1340 | 1401 | 96% |
| MDOT Oshtemo | 0 | 1 | \$ 4,272.00 | 503 | 534 | 94% |
| Kal Psych Hospital | 3 | 1 | \$ 60,200.00 | 7122 | 7549 | 94% |
| Sub Total | 8 | 2 | \$118,691.00 | 12719 | 13450 | 95% |
| | | | | | | |
| Hope Network of Grand Rapids provides janitorial services to the following building: | | | | | | |
| Grand Rapids State Building | 1 | 6 | \$37,836.00 | 4204 | 6452 | 65% |
| | | | | | | |
| STEP of Detroit provides janitorial services to the following building: | | | | | | |
| MDOT Detroit Operations | 0 | 5 | \$2,618.56 | 334 | 453 | 74% |
| | | | | | | |
| JVS of Detroit provides janitorial services to the following building: | | | | | | |
| Cadillac Place | 9 | 29 | \$100,453.81 | 12662 | 15689.5 | 81% |
| | | | | | | |
| Totals All Contracts | 107 | 117 | \$2,168,192.25 | 270,509.75 | 285,434.21 | 95% |
| | # Full Time Employees with disabilities | # Part Time Employees with disabilities | Total wages paid to people with disabilities on all contracts | Total hours worked by people with disabilities | Total Hours | Percentage of people with disabilities working on the contract |

*Fair market price analysis on these services was conducted by the Committee on Purchase of Goods and Services from Community Rehabilitation Organizations prior to contract award.

Appendix C: CRO Set Aside for Adopt-a-Highway Bags and Trashcan Liner

GTI provides the following commodities through the set aside program.

| Commodity | # Full Time Employees with disabilities | # Part Time Employees with disabilities | Total wages paid to people with disabilities on this contract | Hours worked by people with disabilities | Total Hours | Percentage of people with disabilities working on the contract |
|--|---|---|---|--|-------------|--|
| ADOPT A HIGHWAY BAGS MDOT | 0 | 52 | \$1,761.91 | 611.5 | 611.5 | 100% |
| JUST IN TIME DELIVERY OF POLYETHYLENE TRASH CAN LINERS | 0 | 42 | \$40,152.40 | 5426 | 5426 | 100% |

*Fair market price analysis on these commodities was conducted by the Committee on Purchase of Goods and Services from Community Rehabilitation Organizations prior to contract award.